



## A Lifetime Commitment to Education

**C**huck (BS '52, MBA '63) and Karen Jonaitis believe in the value of higher education. In fact, they believe in it so much that they make their respective alma maters a central part of their financial plans. In addition to making annual cash gifts to DePaul University, Gustavus Adolphus College and several local charities near their home in Tucson, AZ, Mr. and Mrs. Jonaitis use non-cash assets to make larger gifts to their alma maters. For example, they used appreciated stock to fund life insurance policies that, once matured, will be used to set up scholarship funds at both DePaul and Gustavus.



*Karen and Chuck Jonaitis*

In addition, they recently became part of a special Charitable Endowment Program with Vanguard and used appreciated stock to set up the account. Distributions are made from that account to local charities, while 50% of the principal is dedicated to DePaul, and the other 50% will go to Gustavus. When asked why they chose to use appreciated stock to set up these special gifts, the Jonaitises gave three reasons. Chuck stated the first reason very simply when he said, "We like charities." Second, by using appreciated stock to make a charitable gift, they avoid the capital gains tax that would have been incurred if the stocks were liquidated. Third, they are using non-dividend paying stocks, stocks that probably will not pay a dividend during Chuck's lifetime. Since caring for his family is most

important, Chuck reserves the dividend-paying stock for his wife and children.

What is most impressive about Chuck and Karen, besides their delightful sense of humor, is their philosophy on giving. Chuck says he continues to make outright and deferred gifts to DePaul, using cash and non-cash assets, because it makes him feel good.

Both he and his wife believe that obtaining a higher education is one of the most important experiences one can have in life. According to Karen, this is especially true in the United States, because we cannot have an informed electorate if our citizens are not educated. "This is one of the basic precepts put forth by our founding fathers," she says.

In addition to their non-cash assets, Chuck and Karen also share their talents with local charities that are important to them. As members of Catholic and Lutheran parishes, they keep busy on the weekends. Chuck is a very active member of his church's choir, and his vocal training began as an undergraduate student at DePaul. A co-ed student club referred to as a "fraternity" required candidates for membership to stand on a pop machine in the cafeteria and sing. When Chuck accepted the challenge, his fellow students were surprised at how difficult it was to make him step off of the machine. Obviously, Chuck has very fond memories of his DePaul experience, and we are extremely grateful to him and to his wife for sharing their time, talent and treasure with us.



## How to Give Securities

**M**aking a gift of securities is simple. If your stocks are held by your broker (“in street name”), give your broker instructions as to which shares you wish to transfer and alert your broker to call our office immediately. Please notify our office, as well. You should contribute shares in which you have the lowest cost basis (that is, shares with the most capital gain). Your gift is complete, for tax purposes, on the date your stock is actually transferred into our account.

If you have the stock certificates in your possession, send the unendorsed certificates by registered

mail to our office. Enclose a cover letter outlining the purpose of your gift, along with a description of the issues and the number of shares and certificates. Send separately a signed “stock power” form for each certificate with the name of the issue filled in and the signature guaranteed by a broker or officer of a national bank. It is a good idea to sign a blank stock power without filling in our name. (We can provide you with the forms.) This lets us sell the stock without having to go through the transfer process. Alternatively, you can hand-deliver the securities to one of our officers.

## Gifts to DePaul That Carry a Bonus

**W**hat is the best asset a person can give to DePaul University? Tax-wise, gifts of securities, real estate or other assets that have gone up in value are the hands-down winners.

Why? Because donors receive a double tax benefit: They can deduct the full fair market value of their appreciated assets – not just what they paid originally – and they save again by avoiding all capital gains taxes on any “paper profit.”

Take the example of Mrs. Jones. The stock she purchased in 1985 for \$200 is now worth \$1,000. If Mrs. Jones gives the stock instead of cash, DePaul receives a gift of \$1,000 – the fair

market value of the stock – and she can claim a \$1,000 charitable deduction on her next income tax return. In a 33% bracket, that’s a tax savings of \$330. Furthermore, she avoids \$120 in capital gains taxes that would be due whenever she sold the stock. The result: After figuring the tax savings, a gift of \$1,000 costs Mrs. Jones only \$550.

These tax benefits also apply to other types of appreciated assets, such as mutual funds and closely held stock. The chart below shows the tax savings from gifts of appreciated securities of various amounts in the different tax brackets, where the stock has doubled in value.

Tax Savings from Gift Assets That Have Doubled in Value								
Tax Bracket	25%		28%		33%		35%	
Current Value of Securities	\$1,000	\$5,000	\$1,000	\$5,000	\$1,000	\$5,000	\$1,000	\$5,000
Income Tax Savings	250	1,250	280	1,400	330	1,650	350	1,750
Capital Gains Taxes Saved	75	375	75	375	75	375	75	375
Total Taxes Saved/Avoided	325	1,625	355	1,775	405	2,025	425	2,125

## Planning Techniques for Gifts of Appreciated Securities

**G**et the value of your listed securities – Your tax deduction for a gift of appreciated securities is fixed by the value of the securities on the day your gift is made. For actively traded securities, value is the mean (average) between the highest and lowest quoted sale price on the date of the gift, so timing can be very important. Your gift is effective on the day you hand-deliver a properly endorsed stock certificate, or mail an unendorsed stock certificate, to our office, accompanied by a signed “stock power” that is mailed separately. Mailing on a high value day means a bigger tax deduction for you. If you plan to contribute stock held in “street name” (in a brokerage account), please have your broker contact our office immediately. The gift is complete, for tax purposes, on the date your stock is actually transferred into the University’s account.

**Good results with mutual funds** – Mutual fund shares can be given to DePaul University

with the same beneficial effect as listed and actively traded stock. Thus, mutual fund shares bought by you eight or ten years ago – though they may be worth much more than your original cost – can be given without incurring any capital gains tax. Your deduction is the “net asset value” of the shares, which is calculated each day, generally after the close of the stock market. If you decide to contribute mutual fund shares, please notify us as soon as possible and send us a copy of your mutual fund statement. Transfers can take from two to six weeks to accomplish, and we will need to work with you and your account manager to make the gift effective for the current year.

**Give closely held stock** – Owners of closely held corporations may give stock to DePaul by an approved IRS plan. For more information, please call Joel Schaffer in DePaul’s Office of Planned Giving at (312) 362-5319.



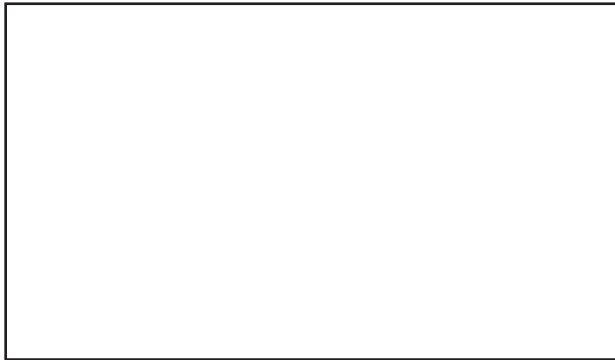
*Rev. John R. Cortelyou, C.M.*

### The John R. Cortelyou Heritage Society

Rev. John R. Cortelyou, C.M. was President of DePaul University from 1964 through 1981 during a period of extraordinary advancement. His legacy is now reflected in the program that bears his name. The Cortelyou Heritage Society honors individuals who demonstrate their commitment to DePaul by making a planned gift today that supports the goals DePaul will realize in the future. Call our office at 312-362-8268 to find out more about this honorary gift club.

# The Cortelyou Heritage Society Luncheon

**T**his year's Cortelyou Heritage Society Luncheon was held on April 29, 2004, at the DePaul Student Center on the Lincoln Park Campus. Dr. Patricia Ewers, a member of the Heritage Society and former Executive Vice President of Academic Affairs, welcomed our guests, and The Rev. Patrick McDevitt, C.M., Professor in the School of Education, delivered the Invocation. Dr. Geoffrey Hirt, Professor of Finance, presented a lecture entitled "Why the Markets Change." It was a marvelous event and we look forward to seeing everyone there next year.



*Pictured above: Jacqueline Krump (Friend of the School of Music); Sally Medansky; Rev. Thomas P. Munster, C.M., Vice Chancellor; Rosemary Schnell (Friend of the School of Music)*

**F**or a free copy of our new booklet, *Phenomenal Gifts with Investment Assets*, simply return the enclosed card. Our Office of Planned Giving will be glad to help you plan your gift to satisfy both your personal and financial objectives.



*Pictured above (top to bottom): Mary and James (BSC '59) Schaefer; Dr. Helene Ramanauskas-Marconi (Ret. Faculty) and Stacia Taylor (BSC '76); Jacob (BSC '49) and Gladys Baitman*



*Joel Schaffer, CFP  
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